



General Assembly

February Session, 2016

Raised Bill No. 409

LCO No. 2501



Referred to Committee on BANKING

Introduced by:
(BA)

***AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN LIENS AND
EXPANDING HOMEOWNER PROTECTIONS UNDER THE
EMERGENCY MORTGAGE ASSISTANCE PROGRAM.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-195h of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2016*):

3 (a) Any municipality, by resolution of its legislative body, as
4 defined in section 1-1, may assign, for consideration, any and all liens
5 filed by the tax collector to secure unpaid taxes on real property
6 exceeding five thousand dollars as provided under the provisions of
7 this chapter. The consideration received by the municipality shall be
8 negotiated between the municipality and the assignee.

9 (b) The assignee or assignees of such liens shall have and possess
10 the same powers and rights at law or in equity as such municipality
11 and municipality's tax collector would have had if the lien had not
12 been assigned with regard to the precedence and priority of such lien,
13 [the accrual of interest and the fees and expenses of collection and of

14 preparing and recording the assignment.] The assignee shall have the
15 same rights to enforce such liens [as any private party holding a lien
16 on real property including, but not limited to,] through foreclosure and
17 a suit on the debt. Before enforcing such liens through foreclosure and
18 a suit on the debt, the assignee shall evaluate in good faith each
19 homeowner's willingness and ability to repay the debt over a period of
20 no fewer than twenty-four months. Upon commencing an action for
21 foreclosure or a suit on the debt, the assignee shall file an affidavit with
22 the court indicating (1) any and all efforts made by the assignee to
23 contact the homeowner regarding repayment, and (2) the assignee's
24 good faith evaluation of the homeowner's willingness and ability to
25 repay the debt over a period of no fewer than twenty-four months.

26 (c) Notwithstanding any other provision of law, each assignee shall
27 provide a payoff statement, as defined in section 49-8a, in the same
28 manner as a mortgagee in accordance with the requirements of section
29 49-10a.

30 (d) In any foreclosure action or suit on the debt, any attorneys' fees
31 awarded to the assignee may not exceed one thousand five hundred
32 dollars, for an uncontested suit, or rate of one hundred fifty dollars per
33 hour, thereafter, for any work reasonably performed to prosecute a
34 suit involving prolonged or complex litigation. Nothing in this
35 subsection shall be construed to require the court to award attorneys'
36 fees to any party.

37 (e) Each assignee shall be subject to the requirements of section 12-
38 146 with regard to the accrual and collection of interest on delinquent
39 taxes, except that the delinquent portion of any tax, as defined in
40 section 12-146, shall be subject to interest at a reasonable rate that does
41 not exceed ten per cent per annum.

42 (f) The assignee, or any subsequent assignee, shall provide written
43 notice of an assignment, not later than thirty days after the date of such
44 assignment, to any holder of a mortgage, on the real property that is

45 the subject of the assignment, provided such holder is of record as of
46 the date of such assignment. Such notice shall include information
47 sufficient to identify (1) the property that is subject to the lien and in
48 which the holder has an interest, (2) the name and addresses of the
49 assignee, and (3) the amount of unpaid taxes, interest and fees being
50 assigned relative to the subject property as of the date of the
51 assignment.

52 (g) Not less than sixty days prior to commencing an action to
53 enforce a lien through foreclosure under this section, the assignee shall
54 provide a written notice, by first class mail, to the holders of all first or
55 second security interests on the property subject to the lien, recorded
56 before the date the assessment of the lien sought to be enforced became
57 delinquent, which shall set forth the following: (1) The amount of
58 unpaid debt owed to the assignee as of the date of the notice; (2) the
59 amount of any attorneys' fees and costs incurred by the assignee in the
60 enforcement of the lien as of the date of the notice; (3) a statement of
61 the assignee's intention to foreclose the lien if the amounts set forth in
62 subdivisions (1) and (2) of this subsection are not paid to the assignee
63 not later than sixty days after the date on which the notice is provided;
64 (4) the assignee's contact information, including, but not limited to, (A)
65 the name of the assignee, and (B) the assignee's mailing address,
66 telephone number and electronic mail address, if any; and (5)
67 instructions concerning the acceptable means of making a payment on
68 the amounts owing to the assignee as set forth in subdivisions (1) and
69 (2) of this subsection. Any notice required to be given by the assignee
70 under this subsection shall be effective upon the date such notice is
71 sent.

72 (h) When providing the written notice required by subsection (g) of
73 this section, the assignee may rely on the last recorded security interest
74 of record in identifying the name and mailing address of the holder of
75 such interest, unless the holder of the security interest is the plaintiff in
76 an action pending in the Superior Court to enforce such security
77 interest, in which case the assignee shall provide the written notice to

78 the attorney appearing on behalf of the holder of the security interest
79 in such action.

80 (i) Each aspect of a foreclosure, sale or other disposition under this
81 section, including, but not limited to, the method, advertising, time,
82 date, place and terms, shall be commercially reasonable.

83 Sec. 2. Section 8-265cc of the general statutes is repealed and the
84 following is substituted in lieu thereof (*Effective July 1, 2016*):

85 As used in this section and sections [8-265cc] 8-265dd to 8-265kk,
86 inclusive, as amended by this act:

87 (1) "Aggregate family income" means the total income of persons
88 residing in the same household as the mortgagor and any other
89 resident of the household declared by the mortgagor as a dependent
90 for federal tax purposes, from whatever source derived, including, but
91 not limited to, pensions, annuities, retirement benefits and Social
92 Security benefits, provided the authority may exclude from income (A)
93 reasonable allowances for dependents, (B) reasonable allowances for
94 medical expenses, (C) all or any part of the earnings of gainfully
95 employed minors or family members other than the chief wage earner,
96 (D) income not regularly received, and (E) such other expenses as the
97 authority may allow;

98 (2) "Authority" means the Connecticut Housing Finance Authority
99 created under section 8-244;

100 (3) "Mortgage" means a mortgage deed or other instrument which
101 constitutes a first or second consensual lien on one-to-four family
102 owner-occupied residential real property located in this state,
103 including, but not limited to, a single-family unit in a common interest
104 community;

105 (4) "Mortgagee" means the original lender under a mortgage, or its
106 agents, successors, or assigns;

107 (5) "Mortgagor" means the owner-occupant of a one-to-four family
108 residential real property located in this state, including, but not limited
109 to, a single family unit in a common interest community, who is also
110 the borrower under a mortgage encumbering such real property;

111 (6) "Housing expense" means the sum of the mortgagor's monthly
112 maintenance expense in a common interest community, utility
113 expense, heating expense, hazard insurance payment, taxes and
114 required mortgage payment, including escrows;

115 (7) "Financial hardship due to circumstances beyond the
116 mortgagor's control" means a significant reduction of aggregate family
117 household income or increase in expenses which reasonably cannot be
118 or could not have been alleviated by the liquidation of assets by the
119 mortgagor as determined by the Connecticut Housing Finance
120 Authority, including, but not limited to, a reduction resulting from (A)
121 (i) unemployment or underemployment of one or more of the
122 mortgagors; (ii) a loss, reduction or delay in receipt of such federal,
123 state or municipal benefits as Social Security, supplemental security
124 income, public assistance and government pensions; (iii) a loss,
125 reduction or delay in receipt of such private benefits as pension,
126 disability, annuity or retirement benefits; (iv) divorce or a loss of
127 support payments; (v) disability, illness or death of a mortgagor; or (B)
128 (i) a significant increase in the dollar amount of the periodic payments
129 required by the mortgage; (ii) an unanticipated rise in housing
130 expenses; or (iii) expenses related to the disability, illness or death of a
131 member of the mortgagor's family, but does not include expenses
132 related to the accumulation of credit or installment debt incurred for
133 recreational or nonessential items prior to the occurrence of the alleged
134 circumstances beyond the mortgagor's control in an amount that
135 would have caused the mortgagor's total debt service to exceed sixty
136 per cent of aggregate family income at that time;

137 (8) "Consumer credit counseling agency" means a nonprofit
138 corporation or governmental agency located in this state which has

139 been designated by the authority to provide homeowners' emergency
140 mortgage assistance program counseling. A qualified consumer credit
141 counseling agency must either be certified as a housing counseling
142 agency by the federal Department of Housing and Urban
143 Development or otherwise determined accepted by the authority;

144 (9) "Foreclosure mediation program" means the foreclosure
145 mediation program established by section 49-31m; [and]

146 (10) "Periodic payments" means principal, interest, taxes, insurance
147 and, if applicable, condominium fees;

148 (11) "Lien debt" means a tax or sewer lien, as described in section 12-
149 172, or an assessment and other sums due an association under section
150 47-258;

151 (12) "Lienholder" means the relevant association, municipality or
152 subsequent assignee of a lien debt; and

153 (13) "Homeowner" means the owner-occupant of residential real
154 property subject to a lien debt.

155 Sec. 3. Section 8-265dd of the general statutes is repealed and the
156 following is substituted in lieu thereof (*Effective July 1, 2016*):

157 (a) Not later than January 1, 1994, the authority shall establish,
158 within available funds, a program to provide emergency mortgage
159 assistance payments to mortgagors in accordance with the provisions
160 of sections 8-265cc to 8-265kk, inclusive, as amended by this act. On
161 and after July 1, 2016, the program shall, within available funds,
162 provide lien debt assistance payments to homeowners in accordance
163 with said sections. Any necessary and related administrative and
164 operational expenses incurred by the authority in implementing the
165 program may be paid from funds made available for the program.

166 (b) Notwithstanding any provision of the general statutes, or any
167 rule of law to the contrary, on and after July 1, 2008, no judgment of

168 strict foreclosure nor any judgment ordering a foreclosure sale shall be
 169 entered in any action instituted by the mortgagee or lienholder to
 170 foreclose a mortgage or lien debt commenced on or after said date, for
 171 the foreclosure of an eligible mortgage or lien debt unless (1) notice to
 172 the mortgagor or homeowner has been given by the mortgagee or
 173 lienholder in accordance with section 8-265ee, as amended by this act,
 174 and the time for response has expired, and (2) a determination has
 175 been made on the mortgagor's or homeowner's application for
 176 emergency mortgage or lien debt assistance payments in accordance
 177 with section 8-265ff, as amended by this act, or the applicable time
 178 periods set forth in sections 8-265cc to 8-265kk, inclusive, as amended
 179 by this act, have expired, whichever is earlier. For purposes of this
 180 section and sections 8-265ee to 8-265kk, inclusive, as amended by this
 181 act, an "eligible mortgage" is a mortgage which satisfies the standards
 182 contained in subdivisions (1), (7) and (9) to (12), inclusive, of
 183 subsection (e) of section 8-265ff, as amended by this act.

184 Sec. 4. Section 8-265ee of the general statutes is repealed and the
 185 following is substituted in lieu thereof (*Effective July 1, 2016*):

186 (a) On and after July 1, 2008, a mortgagee who desires to foreclose
 187 upon a mortgage which satisfies the standards contained in
 188 subdivisions (1), (9), (10) and (11) of subsection (e) of section 8-265ff, as
 189 amended by this act, or, on and after July 1, 2016, a lienholder who
 190 desires to foreclose upon a lien debt, shall give notice to the mortgagor
 191 or homeowner by registered, or certified mail, postage prepaid at the
 192 address of the property which is secured by the mortgage or which
 193 concerns the lien debt. No such mortgagee or lienholder may
 194 commence a foreclosure of a mortgage or lien debt prior to mailing
 195 such notice. Such notice shall advise the mortgagor or homeowner of
 196 his delinquency or other default under the mortgage or lien debt and
 197 shall state that the mortgagor or homeowner has sixty days from the
 198 date of such notice in which to (1) have a face-to-face meeting,
 199 telephone or other conference acceptable to the authority with the
 200 mortgagee or lienholder, or a face-to-face meeting with a consumer

201 credit counseling agency to attempt to resolve the delinquency or
202 default by restructuring the loan payment schedule or otherwise, and
203 (2) contact the authority, at an address and phone number contained in
204 the notice, to obtain information and apply for emergency mortgage or
205 lien debt assistance payments if the mortgagor or homeowner and
206 mortgagee or lienholder, are unable to resolve the delinquency or
207 default.

208 (b) Except in cases in which the mortgagee or lienholder refuses to
209 meet with the mortgagor or homeowner, if the mortgagor or
210 homeowner fails to meet with the mortgagee or lienholder, or comply
211 with any of the time limitations specified in the notice as provided in
212 subsection (a) of this section, or if the mortgagor's or homeowner's
213 application is not filed by the date thirty days after the date of any
214 default in payment under an agreement as provided in subsection (c)
215 of this section or if the mortgagor's or homeowner's application for
216 emergency mortgage or lien debt assistance payments is not approved
217 by the date thirty calendar days after the date of receipt of the
218 mortgagor's or homeowner's application in accordance with the
219 provisions of section 8-265ff, as amended by this act, the foreclosure of
220 the mortgagor's mortgage or homeowner's lien may, at any time
221 thereafter, except as provided in subsection (e) of this section, continue
222 without any further restriction or requirement under the provisions of
223 sections 8-265cc to 8-265kk, inclusive, as amended by this act, provided
224 the mortgagee or lienholder files an affidavit with the court stating the
225 notice provisions of subsection (a) of this section have been complied
226 with and that either the mortgagor or homeowner failed to meet with
227 the mortgagee or lienholder, or failed to comply with all of the time
228 limitations specified in the notice as provided in subsection (a) of this
229 section or that the mortgagor's or homeowner's application for
230 emergency assistance payments was not approved by the date thirty
231 calendar days after the date of receipt of the mortgagor's or
232 homeowner's application, or that a determination of ineligibility was
233 made.

234 (c) If, after a face-to-face meeting, telephone or other conference
 235 acceptable to the authority, as provided in subsection (a) of this
 236 section, the mortgagor or homeowner and the mortgagee or lienholder
 237 reach an agreement to resolve the delinquency or default and, because
 238 of financial hardship due to circumstances beyond the mortgagor's or
 239 homeowner's control, the mortgagor or homeowner is unable to fulfill
 240 the obligations of the agreement, the mortgagor or homeowner may
 241 apply to the authority for emergency mortgage or lien debt assistance
 242 payments under sections 8-265cc to 8-265kk, inclusive, as amended by
 243 this act, by the date thirty days after the date of any default in payment
 244 under the agreement. The mortgagee or lienholder shall not be
 245 required to send any additional notice to the mortgagor or homeowner
 246 other than the notice required under subsection (a) of this section.

247 (d) Nothing in sections 8-265cc to 8-265kk, inclusive, as amended by
 248 this act, shall prevent a mortgagor or homeowner from exercising
 249 rights that may exist under the foreclosure mediation program and
 250 those rights may be exercised concurrently with the rights afforded
 251 under sections 8-265cc to 8-265kk, inclusive, as amended by this act,
 252 provided the exercise of rights under the foreclosure mediation
 253 program shall not cause a delay in the determination under subsection
 254 (e) of section 8-265ff, as amended by this act. Nothing in sections 8-
 255 265cc to 8-265kk, inclusive, as amended by this act, shall prevent a
 256 mortgagor or homeowner from applying or reapplying and being
 257 considered for emergency mortgage or lien debt assistance if such
 258 mortgagor or homeowner is referred to the emergency mortgage
 259 assistance program by the foreclosure mediation program.

260 Sec. 5. Section 8-265ff of the general statutes is repealed and the
 261 following is substituted in lieu thereof (*Effective July 1, 2016*):

262 (a) Any mortgagor or homeowner may apply for emergency
 263 mortgage or lien debt assistance payments under sections 8-265cc to 8-
 264 265kk, inclusive, as amended by this act, if such mortgagor or
 265 homeowner (1) has received notice of intent to foreclose as provided in

266 section 8-265ee, as amended by this act, or (2) (A) is sixty days or more
267 delinquent on a mortgage or lien debt, or (B) such mortgagor or
268 homeowner anticipates that he will be sixty days or more delinquent
269 on a mortgage or lien debt based on financial hardship beyond such
270 mortgagor's or homeowner's control, provided the authority
271 determines that such mortgagor or homeowner will be so delinquent.
272 As part of the application process, the authority may refer the
273 applicant to a counseling agency approved by the United States
274 Department of Housing and Urban Development.

275 (b) If the mortgagor or homeowner applies for emergency mortgage
276 or lien debt assistance payments under sections 8-265cc to 8-265kk,
277 inclusive, as amended by this act, the authority shall, no later than
278 eight business days after the date of receipt of such application, notify
279 all of the mortgagees or lienholders listed on the application holding a
280 mortgage or lien on the mortgagor's or homeowner's real property.

281 (c) The mortgagor or homeowner shall apply for a loan on the form
282 provided by the authority. The mortgagor or homeowner shall
283 complete and sign the application subject to the penalty for false
284 statement under section 53a-157b.

285 (d) The mortgagor or homeowner shall provide the authority with
286 full disclosure of all assets and liabilities, whether singly or jointly
287 held, and all household income regardless of source. For purposes of
288 this subsection, both of the following are included as assets:

289 (1) The sum of the household's savings and checking accounts,
290 market value of stocks, bonds and other securities, other capital
291 investments, pensions and retirement funds valued in an amount
292 greater than one hundred thousand dollars, personal property and
293 equity in real property including the subject mortgage property.
294 Income derived from family assets shall be considered as income.
295 Equity is the difference between the market value of the property and
296 the total outstanding principal of any loans secured by the property

297 and other liens.

298 (2) Lump-sum additions to family assets such as inheritances,
299 capital gains, insurance payments included under health, accident,
300 hazard or worker's compensation policies and settlements, verdicts or
301 awards for personal or property losses or transfer of assets without
302 consideration within one year of the time of application. Pending
303 claims for such items must be identified by the homeowner as
304 contingent assets.

305 (e) The authority shall make a determination of eligibility for
306 emergency mortgage or lien debt assistance payments by the date
307 thirty calendar days after the date of receipt of the mortgagor's or
308 homeowner's application. During said thirty-day period no judgment
309 of strict foreclosure or any judgment ordering foreclosure by sale shall
310 be entered in any action for the foreclosure of any mortgage or lien any
311 mortgagee or lienholder holds on the mortgagor's or homeowner's real
312 property. No emergency mortgage or lien debt assistance payments
313 may be provided unless the authority finds that:

314 (1) The real property securing the mortgage or underlying the lien
315 debt is a one-to-four family owner-occupied residence, including, but
316 not limited to, a single family unit in a common interest community, is
317 the principal residence of the mortgagor or homeowner and is located
318 in this state;

319 (2) Payments, including amounts for taxes and insurance payments,
320 including mortgage insurance, or for charges, assessments and fees
321 associated with a condominium or common interest community, as
322 such terms are defined in section 47-202, or any combination of such
323 payments, whether or not such payments are made into escrow or
324 impound accounts as reserves, owed by the mortgagor under any
325 mortgage or homeowner under a lien debt on such real property have
326 been delinquent and the mortgagee, taxing authority, lienholder or
327 unit owners association has indicated to the mortgagor or homeowner

328 its intention to foreclose;

329 (3) The mortgagor or homeowner is a resident of this state and is
330 suffering financial hardship which renders the mortgagor or
331 homeowner unable to correct the delinquency or delinquencies within
332 a reasonable time and make full mortgage or lien debt payments. For
333 the purposes of subdivision (7) of this subsection, in order to
334 determine whether the financial hardship is due to circumstances
335 beyond the mortgagor's or homeowner's control, the authority may
336 consider information regarding the mortgagor's or homeowner's
337 employment, credit history and current and past household income,
338 assets, total debt service, net worth, eligibility for other types of
339 assistance and any other criteria or related factors it deems necessary
340 and relevant;

341 (4) There is a reasonable prospect that the mortgagor will be able to
342 resume full mortgage payments on the original, modified or
343 refinanced mortgage within sixty months after the beginning of the
344 period in which emergency mortgage assistance payments are
345 provided in accordance with a written plan formulated or approved by
346 the authority and pay the mortgage in full in level monthly payments
347 of principal and interest, subject only to payment changes as provided
348 in the mortgage, by its maturity date or, in the case of a homeowner or
349 lien debt, able to resume regular tax or usage payments to the relevant
350 municipality or association immediately after emergency assistance
351 payments are provided;

352 (5) The mortgagor or homeowner has applied to the authority for
353 emergency mortgage or lien debt assistance payments on an
354 application form prescribed by the authority which includes a financial
355 statement disclosing all assets and liabilities of the mortgagor or
356 homeowner, whether singly or jointly held, and all household income
357 regardless of source;

358 (6) Based on the financial statement, the mortgagor or homeowner

359 has insufficient household income or net worth to correct the
360 delinquency or delinquencies within a reasonable period of time and
361 make full mortgage or lien debt payments;

362 (7) There is a reasonable prospect that the mortgagor or
363 homeowner, as determined by the authority, will be able to repay the
364 emergency mortgage or lien debt assistance within a reasonable
365 amount of time under the terms of section 8-265hh, as amended by this
366 act, including through a refinancing of the mortgage, and the authority
367 finds that, except for the current delinquency, the mortgagor has had a
368 favorable residential mortgage credit history for the previous two
369 years or period of ownership, whichever is less. For the purposes of
370 this subdivision, if a mortgagor has been more than thirty days in
371 arrears four or more times on a residential mortgage within the
372 previous year, the mortgagor shall be ineligible for emergency
373 mortgage assistance payments unless the mortgagor can demonstrate
374 that the prior delinquency was the result of financial hardship due to
375 circumstances beyond the mortgagor's control. In making a
376 determination under this subsection, the authority may consider
377 information regarding the structure of the mortgage, its repayment
378 schedule, the length of time the mortgagor has lived in his or her
379 home, and any other relevant factors or criteria it deems appropriate;

380 (8) The mortgagee or lienholder is not otherwise prevented by law
381 from foreclosing upon the mortgage or lien;

382 (9) The mortgagor or homeowner has not mortgaged the real
383 property for commercial or business purposes;

384 (10) The mortgagor or homeowner has not previously received
385 emergency mortgage or lien debt assistance payments from the
386 authority, provided a mortgagor or homeowner who has previously
387 received such payments shall be eligible to reapply if the mortgagor or
388 homeowner has reinstated the mortgage or lien debt and the
389 mortgagor or homeowner shall not have been delinquent for at least

390 six consecutive months immediately following such reinstatement;

391 (11) The mortgagor is not in default under the mortgage except for
392 the monetary delinquency referred to in subdivision (2) of this
393 subsection; and

394 (12) The mortgagor or homeowner meets such other procedural
395 requirements as the authority may establish.

396 Sec. 6. Subsections (c) through (f), inclusive, of section 8-265gg of the
397 general statutes are repealed and the following is substituted in lieu
398 thereof (*Effective July 1, 2016*):

399 (c) The amount by which the emergency mortgage or lien debt
400 assistance payments made by the authority to the mortgagee or
401 lienholder exceeds the payments made by the mortgagor or
402 homeowner to the authority shall be a loan in that amount made by
403 the authority to the mortgagor or homeowner. Any such loan shall be
404 evidenced by such documents as the authority may require and shall
405 be subject to repayment with interest and secured as provided in
406 section 8-265hh, as amended by this act.

407 (d) The authority shall establish procedures for periodic review of
408 the mortgagor's or homeowner's financial circumstances for the
409 purpose of determining the necessity for continuation, termination or
410 adjustment of the amount of emergency mortgage or lien debt
411 assistance payments or adjustment of the payments by the mortgagor
412 or homeowner pursuant to subsection (b) of this section. Payments
413 shall be discontinued when the authority determines that, due to
414 changes in the mortgagor's or homeowner's financial condition, the
415 payments are no longer necessary in accordance with the standards
416 contained in section 8-265ff, as amended by this act, or the expiration
417 of the sixty-month period of a mortgagor or homeowner eligibility for
418 such payments under subsection (e) of section 8-265ff, as amended by
419 this act, whichever is sooner, and a foreclosure of the mortgagor's
420 mortgage or homeowner's lien may, at any time thereafter, proceed

421 without further restriction or requirement under sections 8-265cc to 8-
422 265hh, inclusive, as amended by this act. The authority may adjust
423 payments by the mortgagor or homeowner pursuant to subsection (b)
424 of this section based on a review under this subsection.

425 (e) If the mortgagor or homeowner fails to pay to the authority any
426 amounts due under subsection (b) of this section within seven days of
427 the date due to the authority, the authority shall review the
428 mortgagor's or homeowner's financial circumstances to determine
429 whether the delinquency is the result of additional financial hardship
430 due to circumstances beyond the mortgagor's or homeowner's control.
431 If the delinquency is not the result of additional financial hardship due
432 to circumstances beyond the mortgagor's or homeowner's control in
433 the mortgagor's or homeowner's financial circumstances, the authority
434 shall terminate emergency mortgage or lien debt assistance payments
435 and the foreclosure of the mortgagor's mortgage or homeowner's lien
436 may, at anytime thereafter, continue without any further restriction or
437 requirement under sections 8-265cc to 8-265kk, inclusive, as amended
438 by this act. If the delinquency is the result of a change in the
439 mortgagor's or homeowner's financial circumstances, the authority
440 may modify the mortgagor's or homeowner's required monthly
441 payments to the authority.

442 (f) If any mortgagee or lienholder scheduled to receive payments
443 from the authority under the provisions of sections 8-265cc to 8-265kk,
444 inclusive, as amended by this act, fails to receive the full amount of
445 such payment from the authority within thirty days of the scheduled
446 due date, or if the mortgagor or homeowner fails to observe and
447 perform all of the terms, covenants and conditions of the mortgage or
448 lien, the mortgagee or lienholder shall provide a fifteen-day notice to
449 the authority and the foreclosure of the mortgagor's mortgage or
450 homeowner's lien may, at any time thereafter, proceed without any
451 further restriction or requirement under sections 8-265cc to 8-265kk,
452 inclusive, as amended by this act.

453 Sec. 7. Section 8-265hh of the general statutes is repealed and the
454 following is substituted in lieu thereof (*Effective July 1, 2016*):

455 (a) Upon approval of emergency mortgage or lien debt assistance
456 payments, the authority shall enter into an agreement with the
457 mortgagor or homeowner for repayment of all such assistance with
458 interest as provided in this section. The agreement shall provide for
459 monthly payments by the mortgagor or homeowner after emergency
460 mortgage or lien debt assistance payments have ended and shall be
461 subject to the following provisions:

462 (1) If the mortgagor's or homeowner's total housing expense,
463 including projected repayments for [mortgage] assistance under this
464 section, is greater than thirty-five per cent of the mortgagor's or
465 homeowner's aggregate family income, repayment of the emergency
466 mortgage or lien debt assistance payments shall be deferred until such
467 total housing expense, including projected repayments for [mortgage]
468 assistance under this section, is less than or equal to thirty-five per cent
469 of such aggregate family income;

470 (2) If repayment of emergency mortgage or lien debt assistance
471 payments is not made by the date the mortgage or lien is paid in full,
472 the mortgagor or homeowner shall make monthly payments to the
473 authority in an amount not less than the monthly mortgage or lien
474 payment until such assistance is repaid;

475 (3) Interest shall accrue on all emergency mortgage or lien debt
476 assistance payments made by the authority at a rate based upon the
477 cost of funds to the state periodically determined by the State
478 Treasurer in consultation with the authority. Interest shall start to
479 accrue whenever the mortgagor or homeowner is required to
480 commence repayment under this section.

481 (b) Repayment of amounts owed to the authority from a mortgagor
482 or homeowner under the provisions of sections 8-265cc to 8-265kk,
483 inclusive, as amended by this act, shall be secured by a mortgage on

484 the mortgagor's or homeowner's real property, provided said
485 mortgage shall not be deemed to take priority over any other mortgage
486 or lien in effect against such property on the date the emergency
487 mortgage is recorded. The authority may allow subordination of its
488 mortgage if such subordination is required to permit the mortgagor or
489 homeowner to obtain a home improvement loan for repairs necessary
490 to preserve the property.

491 (c) The authority shall establish written procedures for periodic
492 review of the mortgagor's or homeowner's financial circumstances to
493 determine the amounts of repayment required under this section.

494 (d) All moneys received by the authority from mortgagors or
495 homeowners for repayment of emergency mortgage or lien debt
496 assistance payments shall be paid to the authority, deposited in such
497 funds or accounts as the authority may establish from time to time for
498 such purpose and be used solely for the purposes of the program
499 established pursuant to sections 8-265cc to 8-265kk, inclusive, as
500 amended by this act.

501 (e) Any mortgagor or homeowner who misrepresents any financial
502 or other pertinent information in conjunction with the filing of an
503 application for emergency mortgage or lien debt assistance or
504 modification of such assistance, may be denied assistance and required
505 to immediately repay any amount of assistance already made. The
506 mortgagee or lienholder may, at any time thereafter, take any legal
507 action to enforce the mortgage or lien without further restrictions or
508 requirements.

509 (f) The authority may take any action it deems appropriate to
510 recover emergency mortgage or lien debt assistance when the
511 mortgagor or homeowner fails to repay such assistance under the
512 terms and conditions established under this section.

513 Sec. 8. Section 8-265ii of the general statutes is repealed and the
514 following is substituted in lieu thereof (*Effective July 1, 2016*):

515 The Connecticut Housing Finance Authority shall adopt procedures
516 in accordance with section 1-121 to implement the provisions of
517 sections 8-265cc to 8-265hh, inclusive, as amended by this act. Such
518 procedures shall include the establishment of a process for notification
519 to eligible mortgagors or homeowners of the availability of funds
520 under sections 8-265cc to 8-265kk, inclusive, as amended by this act,
521 and for notification to the mortgagee or lienholder that an application
522 has been received by or on behalf of the mortgagor or homeowner and
523 of the authority's determination of eligibility.

524 Sec. 9. Section 8-265kk of the general statutes is repealed and the
525 following is substituted in lieu thereof (*Effective July 1, 2016*):

526 (a) If funds are not available to provide emergency mortgage
527 assistance payments to mortgagors in accordance with sections 8-265cc
528 to 8-265kk, inclusive, as amended by this act, the authority shall notify
529 all mortgagees and shall not accept applications for emergency
530 mortgage assistance payment. Upon receipt of such notice from the
531 authority and until mortgagees receive a further notice from the
532 authority that such funds are again available and applications for
533 emergency mortgage assistance payments are again being accepted by
534 the authority: (1) Mortgagees may commence foreclosure actions
535 without first providing the notice set forth in subsection (a) of section
536 8-265ee, as amended by this act; and (2) the foreclosure of mortgages
537 by mortgagees may continue without any further restriction or
538 requirement under the provisions of sections 8-265cc to 8-265kk,
539 inclusive, as amended by this act.

540 (b) A violation of this section or sections 8-265cc to 8-265ii, inclusive,
541 as amended by this act, by a mortgagee or lienholder shall be deemed
542 an unfair or deceptive trade practice under subsection (a) of section 42-
543 110b.

<p>This act shall take effect as follows and shall amend the following sections:</p>
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Section 1	<i>July 1, 2016</i>	12-195h
Sec. 2	<i>July 1, 2016</i>	8-265cc
Sec. 3	<i>July 1, 2016</i>	8-265dd
Sec. 4	<i>July 1, 2016</i>	8-265ee
Sec. 5	<i>July 1, 2016</i>	8-265ff
Sec. 6	<i>July 1, 2016</i>	8-265gg(c) through (f)
Sec. 7	<i>July 1, 2016</i>	8-265hh
Sec. 8	<i>July 1, 2016</i>	8-265ii
Sec. 9	<i>July 1, 2016</i>	8-265kk

Statement of Purpose:

To: (1) Improve consumer protections for homeowners facing foreclosures from tax lienholders, (2) protect homeowners by regulating tax lien sales and defining the rights and responsibilities associated with a tax lien purchased from a municipality, and (3) protect consumers by expanding the emergency mortgage assistance program to certain homeowners.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]